Albany County Request for Contract Approval

Contract #	2025-2710
Contract Type	B) CAB Contract
Contract Action	A) New
Procurement Type	None
Department	A8020 - Economic Dev, Conservation and Planning
Date Submitted	Monday, January 13, 2025
Contact Person	Reilly, David
Contact Phone	+1 5184477034
Vendor Info	Morningside Advisors 7901 4th St N STE 300, St. Petersburg,, FL 33702
Estimated Amount	$75,000.00
Estimated Term	1/13/2025 to 12/31/2026
Scope of Services	Morningside will provide a variety of valuation services related to the acquisition and redevelopment of the former St. Rose Campus, including, but not limited to multi-year Operating Expense schedules, Financial Modeling, Feasibility Analysis, Scenario Modeling and Capital Expenditure Planning for final disposition of the assets. These categories are further detailed in the attachment accompanying this submission. This will be at max of $75,000 with an hourly rate of $300 per.
Budget Line Item	AA8020 - 44976 -
Fiscal Impact	County: 100.00% State: 0.00% Federal: 0.00%
BID, RFP, RFQ Completed?	N/A

Budget Analyst **Date**

For Contract Board Use: **Date Approved**

Daniel P. McCoy
Albany County Executive

Bruce A. Hidley
Albany County Clerk

Joanne Cunningham,
Chairwoman
Albany County Legislature

MORNINGSIDE ADVISORS LLC

Acquisition of College of St. Rose Assets - Phase II

Applying MSA capabilities and expertise to post-auction, pre-close planning

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With ACPHLA's purchase of the College of St. Rose campus due to close imminently, Morningside Advisors LLC ("MSA") appreciates having the opportunity to highlight our team's relevant experience and past successes as the Authority and County seek ways to maximize the value of the campus to taxpayers and the community.

MSA founders Peter Beller and Seth Gittlitz joined forces in 2024 to provide comprehensive operations consulting, financial planning and transaction support services to clients. Both have backgrounds as corporate C-suite leaders who specialize in rolling up their sleeves to remake organizations through hands-on problem-solving and the application of modern finance to antiquated processes and underutilized assets.

Peter and Seth have first-hand experience acquiring and managing commercial real estate, conducting complex financial planning and maximizing assets as well as softer skills including stakeholder engagement, due diligence, board and investor communication and ethical decision-making.

MSA Key Competencies

- Commercial property valuation including redevelopment costs, opex and capex needs across a range of property types (retail, mixed-use, office, residential).

- Real-world experience acquiring, redeveloping and disposing of commercial property assets across the U.S. on tight deadlines and under a range of financing circumstances.

- Comprehensive financial planning and analysis incorporating scenario planning, complex financing and capital arrangements, varied operating uses and a range of M&A scenarios.

- Zero-based budgeting to uphold fiduciary duty to stakeholders while reflecting real-world operating expenses, localized costs and likely contingencies.

- Property-level due diligence to realistically model conversions, disposal values and ongoing opex costs.

- M&A experience including long-range financial modeling, engaging potential buyers, supporting buyer due diligence and guiding sellers through transaction completion to maximize value.

Past Projects and Accomplishments

- Led Section 363 purchase of Hair Cuttery Family of Brands assets including redevelopment and disposals among 500 retail locations across the U.S., rationalizing company's real estate footprint and returning it to profitability.

- Led finance function for retailers including NYC-based chain of cosmetics stores and premium restaurant group with locations worldwide including all aspects of strategic planning, real estate acquisition and property management.

- Assisted with or led restructuring planning and associated capital raising for medspa chain based in the Northeast and live events and entertainment company with worldwide presence.

- Experience working in a strategic capacity for a wide range of potential College of St. Rose property acquirers or lessees including firms in the technology, media, entertainment and events, retail, non-profit and hospitality sectors.

Potential Scope of Work for Phase II of St. Rose Acquisition

MSA would undertake a comprehensive assessment of the newly acquired assets to maximize asset value, ensure financial sustainability and explore redevelopment opportunities in a financial context. The primary deliverable would be a detailed financial model for each of the properties on campus, encompassing income statements, balance sheets, and cash flow statements. Additionally, MSA would evaluate the feasibility of maintaining current uses, converting properties for new purposes, or selling assets, complemented by scenario modeling, operating expense budgeting, and capital expenditure planning.

Precise workstream to be determined at your direction but would likely include some or all of the following:

Property Assessment

- Conduct a detailed inventory and analysis of all ~100 properties, categorized by type (academic, residential, administrative, recreational).
- Evaluate the physical condition, current use, and potential for redevelopment or sale.

Financial Modeling

- Develop three-statement financial models for each property:
  - **Income Statement:** Revenue streams, operating expenses, and net income projections.
  - **Balance Sheet:** Asset valuation, liabilities, and equity.

    - **Cash Flow Statement:** Cash inflows and outflows, including operating, investing, and financing activities.
- Aggregate individual models into a consolidated campus-wide financial outlook including SG&A and maintenance expenses as separate budgets that roll up to the consolidated forecast.

Feasibility Analysis

- Assess the viability of three primary scenarios for each property:
    - Maintain current use.
    - Convert for new purposes (e.g., residential housing, commercial use, community facilities).
    - Sell on the open market.
- Incorporate market analysis to identify trends and benchmarks.

Scenario Modeling

- Create financial and operational models for each scenario, including:
    - Status quo maintenance.
    - Conversion costs and potential revenue.
    - Sale proceeds and implications for county finances.
- Perform sensitivity analyses to evaluate risks and opportunities.

Operating Expense Budgeting

- Project maintenance, staffing, utilities, and other recurring costs for each property.
- Allocate resources based on property type and usage patterns.

Capital Expenditure Planning

- Identify redevelopment opportunities requiring capital investment.
- Develop budgets for potential renovations and new construction.
- Present multi-scenario CapEx impact analysis, including funding sources and timelines.

Morningside Advisors - Team Bios

Seth Gittlitz

Managing Partner

Education
B.F.A. New York University
M.B.A. Columbia Business School

Seth Gittlitz focuses on leading businesses through complex turnarounds, restructurings, and sustainable growth, leveraging over 15 years of hands-on C-suite experience in Section 363 bankruptcy processes, financial restructurings, M&A, and operational leadership. His expertise spans multiple industries, including retail, beauty, hospitality, and food service, with proven success in driving profitability, aligning operations with strategic goals, and managing stakeholder relationships. As an executive and consultant, Seth has worked with a variety of middle-market firms to address key challenges, including:

- Financial restructuring, performance improvement, and cost optimization
- Strategic planning, budgeting, and forecasting
- Mergers and acquisitions, including distressed asset acquisitions and integrations
- Operational benchmarking and the implementation of KPIs
- Rebranding, product development, and new market entry

As Executive Chairman of Laser MD Medspa, Seth spearheaded the hiring of a new CEO, executed a cost reduction plan, and secured financing to support the company's restructuring. Previously, as General Partner and CEO of Hair Cuttery Family of Brands (HCFB), he led an asset purchase out of a Section 363 bankruptcy process and led a turnaround, reducing operating expenses, and rebranding the company. He also served as Partner and CFO of Major Food Group, overseeing operations across a portfolio of 25+ restaurants.

• Awarded the 2021 PR Week US Award for "Best in Employee Engagement" while serving as CEO of HCFB.
• HCFB acquisition was the subject of Columbia Business School CaseWorks study "Shear Cutters: The Tale of a 40-Year-Old Start-Up" by Turnaround Management Professor Kathryn Harrigan (Case ID 220404).

Morningside Advisors - Team Bios

Peter C. Beller

Managing Partner

Education
B.A., University of Chicago
M.B.A., Columbia Business School
M.A., Columbia Graduate School of Journalism

Peter Beller focuses on successfully driving sustainable growth for both for-profit and mission-driven clients, leveraging his diverse background as a former journalist and media business executive with expertise in corporate finance, strategy, marketing and operations. As a consultant he has advised media, technology, nonprofit, healthcare and professional services firms on a range of pressing challenges including:

- Strategic planning for startup and mature businesses
- Marketing, communications and public relations strategy
- Cost structure and operating excellence
- Performance benchmarking, business intelligence and establishment of KPIs
- Acquisition and integration strategy
- Product development, new market entry and go-to-market strategies and execution

As interim CFO for a globally recognized live events brand Peter enabled a multi-year turnaround that saw the company return to profitability and positive cash flow after years of losses. Prior to his consulting career Peter was CFO at Embarcadero Media where he oversaw a digital transformation of the business that resulted in a quadrupling of user revenue and the launch of successful products and services. At Ebyline he built one of the first digital agencies to specialize in branded content production, resulting in rapid client growth among Fortune 500 firms and contributing to Ebyline's acquisition by a competitor. As a journalist he was awarded a Knight-Bagehot Fellowship to Columbia Business School, from which he earned an M.B.A.